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February 11, 2009

The Honorable Collin Peterson  
Chairman  
Committee on Agriculture  
1301 Longworth House Office Bldg  
Washington, DC 20515

The Honorable Frank Lucas  
Ranking Member  
Committee on Agriculture  
1301 Longworth House Office Bldg  
Washington, DC 20515

Dear Chairman Peterson and Ranking Member Lucas,

The Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") appreciates the opportunity to comment on H.R. 977 "Derivatives Markets Transparency and Accountability Act of 2009" (DMTA) that the Committee is currently considering. While CBOE commends the Committee for its effort to address one of the many challenges facing the United States financial services industry, we believe that a comprehensive reform of financial regulation would be a better approach and is necessary to move the financial markets and country forward.

Over the past 18 months, there have been numerous studies and white papers offering prescriptions to fix the badly outdated United State financial regulatory system. In March 2008, the Department of the Treasury released its *Blueprint for a Modernized Financial Regulatory Structure*. Most recently, the Group of Thirty<sup>1</sup> and the Government Accountability Office<sup>2</sup> released recommendations on this issue. While the specific recommendations of these reports vary and some, such as the GAO report, do not offer recommendations at all, there remain a few common themes. First, updating the United States financial regulatory system should be done holistically based on an understanding of the dense web of connections that tie the system together. Second, the current balkanized structure of financial markets regulation is obsolete and should be revamped.

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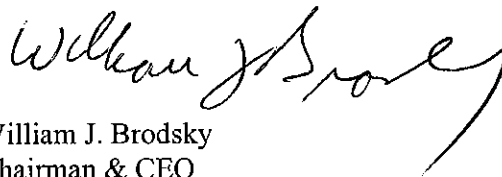
<sup>1</sup> Group of Thirty, *Financial Reform: A Framework for Financial Stability*, 2009.

<sup>2</sup> Financial Regulation: A Framework for Crafting and Assessing Proposals to Modernize the Outdated U.S. Financial Regulatory System, GAO-09-314T 310T, and 216 (January 21, 14, and 8, 2009).

Whatever the views on the specific regulatory changes that the Bill suggests, CBOE strongly believes that these changes should not be enacted in isolation but as part of a collaborative process that includes the Obama administration, all Congressional Committees with relevant jurisdiction, the members of the President's Working Group on Financial Markets, and the private sector. CBOE and its affiliates operate in a variety of equities and derivatives markets. Our members and customers operate across these markets as well as in the over-the-counter derivatives market. The shortcomings of our financial regulatory system exposed by the events of the past year make it clear to us that the task of updating financial regulation in an effective way cannot be accomplished by making changes in any one area in a piecemeal fashion. We need to move beyond piecemeal fixes using the existing regulatory template and instead focus on a comprehensive reevaluation of financial market regulation. This is highlighted by the fact that OTC derivatives, which are the subject of the DMTA, involve multiple regulatory and congressional jurisdictions. Moreover, it is particularly important that legislative efforts in this area involve all relevant agencies and Congressional Committees.

Thank you again for the opportunity to comment on the DMTA. We look forward to working with you, the Financial Services Committee, the Obama Administration, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Reserve, and our colleagues throughout the financial services industry on comprehensive financial regulatory modernization.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Brodsky". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

William J. Brodsky  
Chairman & CEO

cc: The Honorable Barney Frank, Chairman, Committee on Financial Services  
The Honorable Spencer Bachus, Ranking Member, Committee on Financial Services